

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6279

BILL NUMBER: SB 53

NOTE PREPARED: Nov 28, 2011

BILL AMENDED:

SUBJECT: Internal Insurance Compliance Audits.

FIRST AUTHOR: Sen. Eckerty

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
☐ FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that certain information related to voluntary, internal insurance compliance audits is privileged information.

Effective Date: July 1, 2012.

Explanation of State Expenditures:

Explanation of State Revenues: An individual involved in the preparation of an insurance compliance audit or insurance compliance audit document who becomes aware of an alleged criminal violation in the course of the preparation of the audit must report the act to the insurer. An individual who knowingly fails to make a report commits a Class A misdemeanor.

Penalty Provision: If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000. However, any additional revenue would likely be small.

Explanation of Local Expenditures: *Penalty Provision:* A Class A misdemeanor is punishable by up to one year in jail.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

State Agencies Affected:

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources:

Fiscal Analyst: Bill Brumbach, 232-9559.